

Divorce Transfers and Settlements

Course Description

Participants will learn how to apply, implement, and evaluate the strategic tax aspects of marital dissolutions and living together arrangements. Current perspectives on property transfers and asset divisions are examined with an emphasis on planning considerations. This mini-course reviews property settlements and other transfers incident to divorce. Basis allocation, third party transfers and purchases between spouses are also examined. Common pitfalls for the unwary such as transfers in trust, installment notes, and purchases between spouses are analyzed. Application of these tax principles is exemplified in selected asset divisions of the residence, business interests, insurance, and pension benefits.

Completion Deadline & Exam: This course, including the examination, must be completed within one year of the date of purchase. In addition, unless otherwise indicated, no correct or incorrect feedback for any exam question will be provided.

Course Level: Overview. This program is appropriate for professionals at all organizational levels.

CPE Credits: 2 (CPA, EA)

Category: Taxes

Prerequisite: General understanding of federal income taxation.

Advanced Preparation: None

Course Learning Objectives

Lesson 1: Divorce Transfers & Settlements

1. Identify the various forms of marital property and how to proceed with a tax structured property settlement noting the benefits of premarital agreements to avoid potential divorce problems.
2. Recognize property settlements under §1041 by:
 - a. Identifying its application to inter-spousal and third party transfers,
 - b. Specifying the factors that determine whether or not a property transfer is incident to divorce under §1041,
 - c. Determining property basis for the transferor and transferee spouse under §1041.
3. Identify remedies for the deferred tax pitfall of §1041 by:
 - a. Determining the deferred tax liability of inter-spousal purchases,

- b.** Recognizing the tax deferral of §1031 exchanges,
- c.** Specifying the key elements of the home sale exclusion and stating their application;
- d.** Recognizing benefit distribution problems and the tax advantages of QDROs.